GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:5097
ANSWERED ON:25.04.2003
NATIONAL SECURITIES DEPOSITORIES LIMITED
PRAVEEN RASHTRAPAL

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) the amount being charged by various Depository Services (DPs)under the National Securities Depositories (NSDL) from investors for holding their portfolios in Demat Form (DF);

(b) the number of times during the last three years, the charges by Depository Services have been increased with the details of increased charges and reasons for increase;

(c) whether small investors and Government bodies like SEBI and RBI were consulted for increasing the charges DPs;

(d) if not, whether the Government would probe the matter and ask the DPs to maintain status-quo; and

(e) if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a) The National Securities Depository Limited (NSDL) follows a two-tiefee structure i.e. NSDL levies fees on its Depository Participants (DPs),while DPs charge their clients. NSDL`s charges are uniform acrossall DPs. The DPs are free to levy their own tariff structure based on the services provided by them. The major fee that is charged by DPs from their investors is in the form of Annual Account Maintenance Charges, which ranges anywhere from Rs.200/- to Rs.600/- per annum.

(b) The tariff changes by the depositories is a commercial issue. The DPs are free to levy their own tariff structure or effect changes in the tariff structure with a 30 days notice period to their clients. The Securities and Exchange Board of India (SEBI) and the NSDL do not keep the data of tariff charged by the DPs as they are not required to report to them.

(c) to (e): The fee structure of DPs is a commercial issue between themand their clients. However, as per the agreement signed with their clients, a minimum of 30 days` notice is required to be given by the DPs to their clients whenever the fee structure is revised. At any point of time, an investor can shift from one DP to another, in case the investor so desires.